



Department of Home Affairs

Inquiry into:

A Migration System for Australia's Future

Submission by

Australia China Business Council



15 December 2022



1. Introduction

- 1.1 The Australia China Business Council (**ACBC**) welcomes the opportunity to make this submission to the Department of Home Affairs (**DOHA**) and its Inquiry: **A Migration System for Australia’s Future**.
- 1.2 ACBC is a membership-based, non-profit, non-governmental organisation composed of some 500 member companies engaged in bilateral trade and investment with China. Founded in 1973, our mission is to support productive two-way trade and investment between Australia and the People's Republic of China (**China**) for the benefit of our members and the Australian community.
- 1.3 In April 2022, ACBC released a report¹ “The Global Talent Program: Helping Australia Innovate, Evolve and Grow” (**Report**) highlighting the economic opportunities for Australia from migration under this program. This submission reflects insights from this report as well as additional input from members through our consultation process.

2. Australia’s Need for Skills and Investment

- 2.1 There is a significant skills gap that exists in Australia, with serious shortages in highly specialised fields. An estimated 35% of skill level-one professional roles (requiring bachelor degrees) are experiencing worker shortages².
- 2.2 This skills gap has been accentuated by Australia’s border closures as a response to the COVID-19 pandemic. These border closures highlighted the extent to which Australia is dependent on international skills to fill labour and skill shortages. The lack of skilled labour arriving onshore has led to significant vacancies and challenges for business.
- 2.3 The impacts of the pandemic have been particularly visible in hospitality, but serious shortages are also evident in highly specialised fields such as advanced technology industries (including green economy skills), management and business leadership, which are closely linked to Australia’s future development as a sophisticated, internationally competitive economy.
- 2.4 Currently, talent and investment shortages are most observable in major cities as most investment capital and permanent migrants flow into Sydney and Melbourne, where there is concentrated business activity. While government policies have been introduced to address this, shortages persist in regional and rural locations as a structural issue.
- 2.5 Empirical analysis shows that 87% of jobs now require digital skills, and that Australia will need 156,000 new technology workers to keep pace with the rapid transformation

¹ <https://acbc.com.au/wp-content/uploads/2022/04/ACBC-x-AOYE-Global-Talent-Paper.pdf>

² <https://www.afr.com/policy/economy/these-are-australia-s-most-in-demand-jobs-20221005-p5bnfp>



of businesses³. Afterpay Co-Founder Anthony Eisen notes that while Australia is producing graduates with tech skills, it lacks those with experience in building tech start-ups⁴.

- 2.6 Talent shortages will constrain Australia's ability to achieve the growth and transformation needed to maintain competitiveness in key sectors, and investment shortages will limit the ability for companies to grow to their full potential.
- 2.7 Talent and investment shortages will also limit Australia's ability to transition its economy as the world adopts greener forms of economic growth and countries position themselves for the future.
- 2.8 Neglecting talent and investment shortages will result in detrimental longer-term impacts that threaten the prosperity and growth of entire industries and regions, particularly as the 'green transition' is likely to alter the global competitiveness landscape affecting all industries and sectors.

3. The Significant Investor Visa

- 3.1 The Significant Investor Visa program (SIV) is one of many initiatives by the federal government to drive innovation and contribute to Australia's economic growth by attracting investors who seek permanent residency in Australia. It is available for people who invest at least A\$5 million into complying investments over four years in Australia, subject to a rigorous screening process. It occupies a very small component of the migration program, with around 2300 visas being granted since the program's inception.
- 3.2 For the Australian Government, the program generates tax revenues. Investments under the program must be carried out through regulated channels, with some allocated towards start-ups and small private companies, emerging companies on the ASX, and other investments by managed funds⁵. There is a high-level of transparency over investors' tax obligations.
- 3.3 Assuming a 5-7% annual rate of return, a \$5 million investment will generate \$250,000-\$350,000 in taxable income each year. This tax contribution will only increase over time mirroring the rise in value of these investments. Moreover, these investors can be expected to make a significant net positive contribution to the federal budget over their lifetime, given their preference for privately provided health and education services.

³ <https://online.rmit.edu.au/insights/2021> Ready, Set, Upskill - Effective Training for the Jobs of Tomorrow' (RMIT & Deloitte Access Economics)

⁴ 'Ideal time' to attract tech talent to Australia: Software engineers," The Australian Financial Review; Melbourne. 12 Feb 2021

⁵ <https://immi.homeaffairs.gov.au/visas/getting-a-visa/visa-listing/business-innovation-and-investment-188/significant-investor-stream#Eligibility>



- 3.4 Evidence from fund managers shows that many of these visa holders make investments in addition to the required \$5 million, given the convenience of investing in Australia while living here. ACBC members have noted that their clients' investments into Australia are intended as part of generational wealth strategies, and will stay in the country.
- 3.5 Investment via the SIV program and the additional investments made by visa holders contribute significantly to employment in the economy. This is particularly true for venture capital investment, which result in creation of new enterprises.
- 3.6 This program is of high importance for Australia relative to larger economies, given our smaller population and more limited pool of investment funds. Australia's SIV program nonetheless struggles to compete with comparable programs in other countries.
- 3.7 In view of the benefits this program brings to Australia, it is important that it is retained. In the recommendations section, we set out modifications that could make it more effective and address perceived weaknesses.

4. Global Talent Program

- 4.1 High-level talent from overseas markets bring not only technical and commercial skills, but also cultural background, networks, and links to marketing channels that help them succeed in international business. For a country with some 83% of exports destined for Asian markets, these linkages are important. Overseas talent helps drive our performance in the international marketplace.
- 4.2 The Global Talent Program provides flexibility for businesses to attract talented individuals, particularly in highly specialised fields. Following abolition of Subclass 132 Business visas, for people without prescriptive qualifications (i.e. qualifications directly related to their occupational field), it remains the only remaining pathway for talented and skilled applicants to obtain permanent residence. Outside the Global Talent Program, a graduate from Oxford University with First Class Honours, with a general Bachelors Degree in Arts or Science, for example, would have limited eligibility for permanent residency, even if employed in a strategically important, specialist field.
- 4.3 Competition for global talent is fierce and likely to become more so. Reflecting this, many developed countries offer comparable programs to Australia's Global Talent Program. China itself, hitherto an exporter of talent, has identified the development and attraction of talent as a key issue in its economic future.
- 4.4 The United States captures 40-50% of migrant inflows to all OECD nations, through visa programs targeted at talented individuals⁶.

⁶ <https://www.uscis.gov/working-in-the-united-states>



- 4.4.1 Immigrants with “extraordinary talent” may apply for the O-1 temporary visa. This is an uncapped visa category. In 2019, 17,751 visas were awarded through this category alone.
- 4.4.2 Exceptional talent can also apply for an EB-1 green card, which grants permanent residency but is subject to an annual 40,040 cap (including dependents). An additional 40,040 places are allocated for professionals with advanced degrees or exceptional ability.
- 4.5 The United Kingdom recently introduced the Global Talent Visa for recognised and emerging leaders and top research scientists. Recognised leaders are those who have achieved national or international acclaim, while emerging leaders are those who demonstrate future potential.
 - 4.5.1 The Global Talent visa includes a separate, fast-tracked pathway for research scientists. Applicants need an endorsement, but not a job offer to apply. This pathway is uncapped.
 - 4.5.2 Pre-COVID, there had been a 50% increase in the number of visas granted under the predecessor visa category – Tier 1 (Exceptional Talent), with 1,176 visas granted in 2019⁷. Nearly half were granted to digital technology applicants. The new features of the Global Talent Visa are expected to further bolster this growth.

5. Recommendations

- 5.1 **Bolstering SIV program:** In view of Australia’s ongoing need for investment, we support maintenance of the SIV program. Given the small number of annual visas currently granted under this program, this number could be increased while maintaining the overall balance in the migration program. Any perceived weaknesses can be easily addressed through design modifications.
- 5.2 **Reviewing SIV Investment Allocations:** The Government should review funds allocation rules for the SIV program, to ensure this investment is directed to areas that support Australia’s strategic economic objectives to the greatest extent possible. To bolster Australia’s competitiveness in the global economy, more investments could be directed into areas of national priority, such as building Australia’s green economy and mitigating the urban-rural divide. Further, more investment could be directed as venture capital, to help establish new businesses that will more directly drive employment growth.
- 5.3 **Increasing Residence Requirement of the SIV Program:** SIV holders are currently required to reside in Australia for no less than 40 days a year. To further their

⁷ Tina Huang and Zachary Arnold, Immigration Policy and the Global Competition for AI Talent (Georgetown Center for Security and Emerging Technology, June 2020), p. 16-19. Accessed 18 April 2022. <https://cset.georgetown.edu/publication/immigration-policy-and-the-global-competition-for-ai-talent/>



commitment to Australia, this residence requirement could be increased, such as to 60 days a year. This would lead to a greater understanding of investment opportunities in Australia, and increase investment beyond the \$5 million mandated by the scheme.

- 5.4 **Maintaining Global Talent Program:** With competition for global talent becoming fiercer, we recommend retaining the Global Talent Program. Discontinuation of this program will send a negative message internationally about our commitment to attracting overseas talent.
- 5.5 **Recognising China as a Key Source of Talent:** China is the world's largest source of foreign talent. The contribution to Australia's future prosperity of Chinese talent is deserving of greater recognition by government. We recommend that the government support the attraction of talent from China, with a regional office for the Global Talent Program in a tier-one mainland China city.
- 5.6 **Clarity in the Duration of Visa Programs:** Changes in visa programs can undermine confidence on the part of applicants that migration opportunities will continue to be available, particularly when visa processing takes multiple years. Providing greater certainty, such as in the model used in Canada with clear 'start' and 'end' dates for visa programs, will provide greater clarity for potential applicants.
- 5.7 **More Flexible Approach to Skills:** A more business-centric approach to assessing skills and talent should be adopted. Skills come in many different forms and do not develop in a linear way after an individual gains academic qualification. There should be flexibility in entry criteria for skilled individuals to be allowed into Australia, as long as they can provide evidence of their capabilities such as prior work experience.
- 5.8 **Resources to Monitor and Penalise Non-Compliance:** To maintain support for the migration program, sufficient resourcing should be allocated to identify and penalise those who abuse the program. In addition, clear and understandable information should be given to migrants about their rights and responsibilities to avoid situations where they are exploited by unscrupulous employers or third parties.

We are happy to provide follow-up responses to any queries the Committee may have.

Your sincerely,

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